

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00 SP-02

AID-05 EB-07 NSC-05 CIEP-01 SS-15 STR-04 OMB-01

CEA-01 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02

OPIC-03 LAB-04 SIL-01 L-03 H-02 PA-01 PRS-01 ABF-01

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O R 122030Z SEP 76 ZFF4

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC NIACT IMMEDIATE 7319

INFO DEPT OF TREASURY WASHDC

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E.O. 11652: N/A

TAGS: EFIN, MX

SUBJECT: NEW PESO PARITY FIXED

1. FOLLOWING MEETING IN PRESIDENTIAL PALACE ON SATURDAY EVENING, FINANCE MINISTER BETETA ANNOUNCED ESTABLISHMENT OF A NEW PARITY FOR PESO OF 19.7 PESOS PER DOLLAR FOR DOLLAR PURCHASES AND 19.9 PESOS PER DOLLAR FOR SALES.

2. ATTENDING MEETING WERE MINISTERS OF LABOR, INDUSTRY, NATIONAL PROPERTIES, PLUS DIRECTOR OF CONASUPO AND BANK OF MEXICO. BETETA REPORTED AS SAYING THAT THIS RATE SHOULD LAST FOR A "LONG" TIME AND THAT IT WILL PERMIT A REASONABLE RELATIONSHIP BETWEEN PRICES AND WAGES. HE ALSO SAID IT SHOULD ELIMINATE SPECULATION AND UNJUSTIFIED PRICE INCREASES OF PAST FEW DAYS.

FERNANDEZ HURTADO CALLED NEW PARITY JUSTIFIED AND SUSTAINABLE. HE LABELED THE TEN-DAY FLOAT A SUCCESS. MINISTER OF LABOR SAID DISCUSSIONS OVER NEW WAGE

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INCREASES FOR ORGANIZED LABOR WILL BEGIN ON MONDAY.

3. COMMENT. ESTABLISHMENT OF NEW PARITY SO QUICKLY
COMES AS SURPRISE PARTICULARLY SINCE BETETA TOLD
PRESS ON FRIDAY THAT FLOAT WOULD CONTINUE FOR SOME
TIME...QUICK FIXING OF RATE APPEARS TO REFLECT
PRESSURES BY LABOR AND MANAGEMENT BOTH OF WHICH WERE
COMPLAINING ABOUT UNCERTAINTIES AS A RESULT OF THE
FLOAT. THE FIXING OF A PRITY SO QUICKLY DOES NOT
AUGER WELL FOR OTHER ASPECTS OF STABILIZATION PROGRAM
WHICH REMAIN UNKNOWN.
THOMPSON

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